

**Testimony of Nora Mead Brownell**  
**Nominee to be a Member of the Federal Energy Regulatory Commission**  
**Before the**  
**United States Senate Committee on Energy and Natural Resources**  
**May 16, 2001**

Chairman Murkowski, Senator Bingaman, and distinguished members of this Committee,

I am deeply honored to appear before you today. I would like to thank Senators Specter and Santorum for their work on my behalf and their leadership on behalf of the citizens of Pennsylvania. I am also very honored by the President's confidence in me and thank him for nominating me to the Federal Energy Regulatory Commission.

As my biography indicates, I am member of the Pennsylvania Utility Commission and president of NARUC, the National Association of Regulatory Utility Commissioners. Prior to joining the Commission, I was Executive Vice President of Meridian Bank. I managed our corporate affairs department, which included community and economic development. While in that position, I observed first hand the value of successful economic development for communities and the citizens who live there.

In the interest of full disclosure, I am a believer in free markets. Free markets bring innovation and efficiency that monopolies never have and never will. In Pennsylvania, while we transition ourselves to a fully functioning electric market, we are beginning to see these benefits manifest themselves in new generation and investment in new technology. However, markets do not happen overnight. They require monitoring to ensure that they have a chance to develop and grow.

In the Pennsylvania market, we view electric competition as an economic development issue, pure and simple. We have resisted the inclination to argue over jurisdiction. We have avoided framing issues in contexts such as environmentalists versus industry or incumbents versus marketers. As we approached our transition to competitive retail markets in Pennsylvania, we wanted a policy that would bring certainty and reliability and attract the investment we need to maximize benefits for all Pennsylvanians.

I also point to some benefits that are not immediately measured in price. Free markets bring innovation and efficiency that monopolies never have and never will. Pennsylvania's model was created with several principles in mind:

- First, everyone must benefit;
- Second, markets are fragile and must be nurtured over time;
- Third, demand and capacity must be kept in balance;

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- Fourth, the independent service operator must be truly independent;
- And, finally, market transparency is essential.

Guided by these principles, competition is steadily moving ahead in the Keystone State. Let me share some statistics.

- More than 750,000 customers are purchasing their energy from a competitive supplier.
- Over 20,000 megawatts of new generation is expected to come on line in the next four years.

New fossil generation will not and should not solve all of our energy problems. The advent of electric choice in Pennsylvania has taught us that customers want the opportunity to purchase environmentally friendly power. In fact, more than 10 % of the shopping customers have chosen a green energy provider.

The marketplace has responded to this consumer demand by investing in wind generation. By the end of 2001, Pennsylvania will feature 5 wind farms with a generating capacity of 84 MW, or enough to power 31,000 homes. In Pennsylvania, through our restructuring process, we were able to facilitate the development of sustainable energy by infusing over \$70 million in new money to support sustainable energy. Our goal is to leverage those dollars with other investments to make Pennsylvania a center for energy technology.

Lessons learned from other states have also taught us that customers will accept a demand side response program when they are reimbursed for energy they do not use. Both environmentally friendly energy and demand side response programs are good for the environment and good for the marketplace. If confirmed, I will continue to support the development of sustainable energy in addition to programs that promote new technologies.

During my association with NARUC, I have had the opportunity to work with my colleagues across the country as we have attempted to deal with the issues in today's markets. I have the utmost respect for my colleagues in other states as, time after time, they have worked through regional differences and looked beyond purely parochial interests to arrive at consensus positions on very controversial and complex issues. This ability to move toward solid, well-grounded resolutions is desperately needed today. I hope to continue to work with NARUC and its members as well as other stakeholders.

Should I be confirmed, I will work with my colleagues toward solutions which reflect

unique regional situations.

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While serving on the Pennsylvania Commission, I have had the opportunity to implement and direct similar processes of consensus advancement. However, this effort was not initiated within a system that was known for consensus building efforts. In order to move to a market-based system, the Pennsylvania Commission revamped the way it used to do business. Simply put, markets will not wait for a nine-month rate case. Nor will markets pause while litigants pursue years of trial and appellate litigation.

Recognizing this, Pennsylvania demanded and received parties' good will in pursuing consensus and settlements wherever and whenever possible. We pursued swift and relatively inexpensive informal issue resolution. This is contrasted to formalized litigation which had been both time and resource intense. The Commission also examined the settlements proposed to ensure that the public interest was actually advanced. We succeeded in moving into the transition phase in a timely manner and with well thought out initiatives. We succeeded without lengthy appellate litigation. And we succeeded by re-engineering the manner in which we expected parties to bring issues to us and the way our agency conducted issue resolution.

As I worked through the complex issues surrounding electric and gas restructuring in Pennsylvania, my approach was one of inclusion. By that I mean that I listened to and worked with a wide array of interests and constituencies. The goal was always the same: to provide the best service for Pennsylvania's consumers. But in order to get there, I believed that I must take into account the interests of as many stakeholders as possible.

There is no question that we are faced with very real problems. As a FERC commissioner one of my primary goals would be to reach out to the various stakeholders to seek input on how to solve regional and national problems. I still believe that today. Having worked through the highly complex details of restructuring in Pennsylvania's electric industry and the extraordinary technical nuances of telecommunications, I can tell you that one simply cannot be guided by a focus group of one. The more complex the issues are, the steeper the learning curve is and the greater the need for innovative thinking.

If confirmed, I look forward to working with Chairman Hébert, Commissioners Massey and Breathitt and my fellow nominee, Pat Wood, to address these extraordinary problems. Thank you for the opportunity to appear before you today. I am prepared to answer any questions you may have.